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Russian Federation

Oilseeds and Products

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Report Highlights:
Post increases its sunflowerseeds production forecast to 4.6 million metric tons (mmt) based on increased sown area estimates and good harvest progress; and decreases its soybean production forecast from 520,000 metric tons to 480,000 metric tons due to harvest losses in the Far East. Total oilseeds production, including other oilseeds, is forecast at 5.1 mmt, up 100,000 metric tons from Post's previous estimate.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Moscow [RS1]
[RS]

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Production

Post increases its total oilseeds production forecast to 5.1 mmt, a record high. This increase is due to a bigger sunflowerseed crop, which will constitute more than ninety percent of the total crop.

Favorable weather in the end of September and the first half of October compensated for some of the earlier delays in sunflowerseed harvesting and by October 27, 2003, farmers had harvested 4.5 mmt from 4.1 million hectares or eight-seven percent of sown area. Assuming that harvest is slowing down, Post forecasts that total sunflowerseed production will not be higher than 4.6 mmt, still a twenty-five percent increase over last year. Most Russian experts forecast sunflowerseed production this year at 4.8-5.0 mmt, still a record crop for the last ten years. Rainy weather and snowfalls in October did not hamper the harvest, but resulted in deterioration of seed quality and a decrease in the oil content.

Post decreases its soybean production forecast from 520,000 metric tons to 480,000 metric tons due to weather-connected losses in the Far East, the main soybean producing area. Data on the soybean and other oilseeds crops (mustard, flax, rapeseeds) is not available, so Post used the average of the last five years and added another 40,000 – 45,000 metric tons to reach 5.1 mmt.

Consumption

Post increases its forecast for oilseeds crush domestic consumption for sunflowerseeds from 3.5 mmt to 3.67 mmt based on information from local companies. Companies are investing in the expansion of domestic crushing facilities and the biggest companies are planning to export oil instead of sunflowerseeds. For example, “Aston”, one of the biggest companies in this business, has recently decided to invest up to $18 million to create its own tanker-type fleet of ships to export vegetable oil. Exports of vegetable oil by tanker ships is considered by specialists a be a good project for oil crushing companies located in Rostov-on-Don or the Volga Valley. Those multinational companies that have access to Ukrainian port facilities, prefer to use railway transportation to connect with these ports. However, transportation of vegetable oil by train to Europe is hampered by differences in the gauge width. This year, crushing of oilseeds domestically has another attraction; the smaller grain crop has increased domestic demand for protein feeds, especially oilseeds meal.

Post decreases soybean crush domestic consumption to 490,000 metric tons, but still higher than last year.

Trade

Post has left the sunflowerseed export forecast for MY 2003/04 at 700,000 metric tons, but lowered the soybean export forecast by 30,000 metric tons, reflecting the decrease in crop output. Domestic demand for sunflowerseed meal and additional gains from the optimal use of expanding oilseed crushing capacity and exports of vegetable oil will not stimulate additional exports of sunflowerseeds. Traditionally soybeans are exported to China and reflect border trade in the Far East. However domestic demand from crushers will provide a disincentive for exports.

Imports of sunflowerseeds are not forecast; imports will be limited to a small amount of border trade with the Ukraine. Actual imports of soybeans in MY 2002 decreased to 22,000 metric tons and import prospects are murky until all GMO issues are resolved. Prospects for imports of soybean meal look much better because certification of soybean meal with GMO lines started last summer and traders already expect an increase in imports during November-December 2003.

Policy

The Russian poultry and oil crushing industries have initiated discussions on the possible lifting of import duties on soybeans at the inter-agency Commission on Protective Measures. However, at the last Commission meeting held in October, the only issue decided was to apply for an extension of the zero import duty on soybean meal which will expire on January 1, 2004. The issue of implementing a zero import duty for oilseeds is planned to be raised at the next Commission meeting.

The current twenty percent export duty on oilseeds is not a serious hindrance for traders when exporting sunflowerseeds. In general, the big trading companies have developed their own export practices which allow them to eliminate the effect of this duty. This means these companies will not seriously lobby lifting this duty because for most of them the stability of their current practices is more important than the introduction of new rules, even if these rules are better. According to some experts, the decision on whether to export sunflowerseeds or vegetable oil depends primarily on prices and companies' preferences and at the present time, both prices and company strategy are in favor of vegetable oil exports.

Sunflowerseeds

Table 1. PSD, Sunflowerseeds, Thousand Hectares, Thousand Metric Tons

PSD Table						
Country	**Russian Federation**					
Commodity	**Oilseed, Sunflowerseed**				(1000 HA)(1000 MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		09/2001		09/2002		09/2003
Area Planted	4200	4200	4117	4090	4800	5270
Area Harvested	3420	3420	3798	3798	4800	5000
Beginning Stocks	35	35	5	5	25	25
Production	2670	2670	3685	3685	4400	4600
MY Imports	5	5	5	5	5	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	2710	2710	3695	3695	4430	4625
MY Exports	50	50	200	200	700	700
MY Exp. to the EC	50	0	100	100	100	300
Crush Dom. Consumption	2485	2485	3300	3300	3500	3670
Food Use Dom. Consump.	100	100	100	100	150	150
Feed,Seed,Waste Dm.Cn.	70	70	70	70	70	70
TOTAL Dom. Consumption	2655	2655	3470	3470	3720	3890
Ending Stocks	5	5	25	25	10	35
TOTAL DISTRIBUTION	2710	2710	3695	3695	4430	4625

Soybeans

Table 1. PSD, Soybeans, Thousand Hectares, Thousand Metric Tons

PSD Table						
Country	**Russian Federation**					
Commodity	**Oilseed, Soybean**				(1000 HA)(1000 MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		09/2001		09/2002		09/2003
Area Planted	420	420	475	476	585	585
Area Harvested	420	420	475	362	560	560
Beginning Stocks	20	20	20	20	5	5
Production	350	350	423	423	520	480
MY Imports	65	65	22	22	60	40
MY Imp. from U.S.	40	40	20	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	435	435	465	465	585	525
MY Exports	0	0	0	0	40	10
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	410	410	460	460	520	490
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	5	5	0	0	10	10
TOTAL Dom. Consumption	415	415	460	460	530	500
Ending Stocks	20	20	5	5	15	15
TOTAL DISTRIBUTION	435	435	465	465	585	525